



April 27, 2006

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Hampton Newsome
Federal Trade Commission
Room H-135 (Annex O)
600 Pennsylvania Ave., NW
Washington, DC 20580

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Dear Mr. Newsome:

Thank you for the opportunity to comment on the FTC's Rulemaking on the Effectiveness of Energy Labeling. It is our pleasure to be a part of the process to help ensure a practical and effective labeling campaign.

It is Bosch Water Heating's position that the Energy Guide label serves a valuable purpose. We see the goal being to educate consumers as to the comparative energy efficiency of the appliance they are considering for purchase before they make the purchase. In the absence of an ENERGY STAR program for water heaters, which is sorely needed, an Energy Guide label becomes a necessity. Without it, there is no easy way for a consumer to gain this product knowledge in order to make an informed purchasing decision.

The products we sell are highly efficient tankless water heaters. It is in our best interest to have consumers as educated as possible about the annual operating costs that are associated with the water heater they purchase. As a result, we favor a program that puts all water heaters on an equal footing when it comes to comparing apples to apples. In other words, we disagree with the energy use ranges changing according to the product technology. All water heaters should be rated on the same scale to allow the consumer to make the most informed decision. Otherwise, you are asking the consumer to investigate the various ranges for the various product categories. I say this with the belief that the strongest message from the Energy Guide label comes from the indicator along the bar graph. Far to the left means efficient and far to the right means inefficient—I fear few consumers pay enough attention to the ranges, and thus believe that an inefficient water heater has the same annual operating expense as an efficient water heater because they are being measured on different scales. As a result, it is of critical importance that the main attention grabber be the dollar value of the operating expense. This is what people most want to know, and is the best value to use when comparison shopping.

Whether you use stars or arrows or a percentage above the least efficient model is irrelevant so long as you are comparing similar products across different scales. The purpose of the different symbols is simply whatever resonates best with an audience, for which I would say the stars do. A water heater is a water heater in terms of meeting the needs of the consumer, and yet having different scales for storage tanks than for tankless muddles the message of efficiency. If the goal is to steer consumers toward energy efficient appliances, then I would recommend that the Federal Trade Commission use the same scale for all water heaters.

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In conclusion, we support a continuation of the Energy Guide labeling program. We do not believe any current issues exist with the design of the label in terms of communicating information to the public. The larger challenges are that the message is confused by using different scales across product categories; the label is not well known in the industry compared to ENERGY STAR; and some of the data used is out-of-date (we were happy to see water heaters moved to using 2004 energy cost data as opposed to 1992 data, which had been the case for storage tanks up until then). I would also add that water heaters are clearly visible in retail shopping outlets and there is excellent opportunity for consumers to view this information before making a purchase. Thank you for your consideration of these comments.

Sincerely,

Dan Moffroid
Director – Product Marketing